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8 Attorneys for Secured Creditor,  
9 WELLS FARGO BANK, NATIONAL ASSOCIATION

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**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**LOS ANGELES DIVISION**

In re	)	Case No. 2:14-24711-ER
	)	
	)	Chapter 11
BRAUN DEVELOPMENT GROUP, INC.,	)	
	)	<b>STIPULATION REGARDING USE OF</b>
	)	<b>CASH COLLATERAL AND ADEQUATE</b>
Debtor.	)	<b>PROTECTION</b>
	)	
	)	<u>Continued Hearing</u>
	)	Date: October 18, 2014
	)	Time: 10:00 a.m.
	)	Judge: Hon. Ernest M. Robles
	)	Courtroom: 1568
	)	Floor: 15 <sup>th</sup>

20 This Stipulation Regarding Use of Cash Collateral and Adequate Protection (the  
21 "Stipulation") is entered into by and between BRAUN DEVELOPMENT GROUP, INC., the debtor  
22 and debtor-in-possession herein (the "Debtor"), and secured creditor, Wells Fargo Bank, National  
23 Association ("Wells Fargo"), with reference to the following facts:

24 **RECITALS**

25 **A. Petition.** On July 31, 2014, (the "Petition Date"), the Debtor commenced the  
26 above-captioned bankruptcy case (the "Bankruptcy Case") by filing a voluntary petition under  
27 chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States  
28 Bankruptcy Court for the Central District of California (the "Court"). The Debtor is continuing in

1 possession of its property, and operating and managing its business, as debtor-in-possession  
2 pursuant to Bankruptcy Code sections 1107 and 1108.

3 **B. Jurisdiction and Venue.** This Court has jurisdiction over the Bankruptcy Case, and  
4 the parties and property affected thereby, pursuant to 28 U.S.C. §§ 157(b) and 1334. This  
5 proceeding constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue for this  
6 Bankruptcy Case is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

7 **C. Debtor.** The Debtor owns and operates a certain business currently located at 13621  
8 Main Street, Los Angeles, CA 90061, whose assets (including but not limited to its accounts,  
9 inventory, equipment and accounts receivable) are secured by a lien in favor of Wells Fargo (the  
10 "Wells Fargo Property").

11 **D. Wells Fargo's Loans.** Wells Fargo is the lender on two loans to Debtor.

12 1. On or about December 26, 2006, Wells Fargo and Debtor entered into a Commercial  
13 Security Agreement and Promissory Note (sometimes collectively referred to herein as the "Loan"),  
14 whereby Debtor borrowed and promised to pay to Wells Fargo the principal sum of \$546,800.00,  
15 together with interest at a variable rate, as stated in the Note.

16 2. The balance due pursuant to the Loan is \$160,467.03 as of August 15, 2014. The  
17 principal and interest payment on the Loan is currently \$6,100.77. The Loan is currently due for the  
18 August 15, 2014, principal and interest payment.

19 3. The Commercial Security Agreement pledged all of Debtor's tangible and intangible  
20 business assets as collateral for the Loan. Wells Fargo perfected a first priority security interest in  
21 the Collateral on account of the Loan by filing a UCC-1 Financing Statement with the California  
22 Secretary of State, and subsequently filing a UCC-1 Continuation Statement.

23 4. On or about February 6, 2007, Wells Fargo and Debtor entered into a Line of Credit  
24 Agreement and Security Agreement (hereinafter collectively the "Line of Credit"), whereby Debtor  
25 borrowed and promised to pay to Wells Fargo the principal sum of \$100,000.00, together with  
26 interest at a variable rate, as stated in the Line of Credit.

27 5. The balance due pursuant to the Line of Credit is \$50,267.23 as of August 15, 2014.  
28 The principal and interest payment on the Line of Credit is currently \$1,939.00. The Line of Credit

1 is current, with the next principal and interest payment due on August 22, 2014.

2 6. The Commercial Security Agreement pledged all of Debtor's tangible and intangible  
3 business assets as collateral for the Line of Credit. Wells Fargo perfected a second priority security  
4 interest in the Collateral on account of the Line of Credit by filing a UCC-1 Financing Statement  
5 with the California Secretary of State, and subsequently filing a UCC-1 Continuation Statement.

6 7. By virtue of the referenced Security Agreements and Financing Statements, Wells  
7 Fargo has first and second priority liens on the Debtor's rents, issues and profits generated by the  
8 Wells Fargo Property (together with the Wells Fargo Property, the "Prepetition Wells Fargo  
9 Collateral"). The Loan and Line of Credit documents shall collectively be referred to as the Wells  
10 Fargo Loan Documents. All of the Debtor's cash and proceeds generated by the Prepetition Wells  
11 Fargo Collateral is "cash collateral" of Wells Fargo within the meaning of Bankruptcy Code Section  
12 363(a).

13 **E. Need for and Use of Cash Collateral.** As a result of Wells Fargo's liens upon, and  
14 security interests in, the Prepetition Wells Fargo Collateral, and by virtue of Bankruptcy Code  
15 section 363(c)(2), the Debtor is unable to use the Cash Collateral without the consent of Wells  
16 Fargo or the authorization of the Court after notice and a hearing. The Debtor requests entry of an  
17 order of the Court approving this Stipulation pursuant to Bankruptcy Rule 4001(b)(2) (the  
18 "Approval Order"), to allow the Debtor the use of Cash Collateral (as defined below) for the  
19 preservation of the bankruptcy estate and the maintenance and continued operation of the Wells  
20 Fargo Property.

21 **F. Anticipated Use of Cash Collateral.** Debtor has requested, and subject to Court  
22 approval, Wells Fargo has consented to Debtor's use of Cash Collateral for purposes described in  
23 the Budget attached hereto as Exhibit A, subject to the terms of this Stipulation, from the Petition  
24 Date through October 22, 2014.

25 **G. NOW, THEREFORE,** based upon the foregoing and good cause appearing therefor,  
26 IT IS HEREBY STIPULATED, CONSENTED TO AND AGREED by and among the Debtor and  
27 Wells Fargo as follows:

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**STIPULATION**

1  
2 1. Incorporation. The recitals contained above are incorporated herein by this reference.

3 2. Indebtedness. The Debtor hereby acknowledges and agrees that the Debtor is liable  
4 to Wells Fargo in the amount of the Prepetition Wells Fargo Indebtedness plus amounts accruing  
5 post-petition pursuant to the terms of the Loan Documents relating to the Wells Fargo Property.

6 3. Validity of Claims. The Debtor acknowledges and agrees to the following:

7 a. The Prepetition Wells Fargo Indebtedness constitutes an allowed claim under the  
8 Bankruptcy Code.

9 b. The Prepetition Wells Fargo Indebtedness is secured by valid, perfected and  
10 indefeasible, first and second priority security interests in the Prepetition Wells Fargo Collateral.

11 4. Collection and Use of Cash Collateral.

12 a. "Cash Collateral" Defined. "Cash Collateral" includes, without limitation, all cash,  
13 negotiable instruments, documents of title, securities, chattel paper, deposit accounts, or other cash  
14 equivalents whenever acquired in which the Debtor has an interest, and includes any and all  
15 proceeds, products, offspring, rents or profits of property and all fees, charges, accounts or other  
16 payments on the Prepetition Wells Fargo Collateral or otherwise generated by or derived from the  
17 Prepetition Wells Fargo Collateral (collectively, "Cash Collateral").

18 b. Permitted Use of Cash Collateral. Subject to the terms of this Stipulation and the  
19 Approval Order, Wells Fargo hereby consents to Debtor's use of Cash Collateral, solely for the  
20 purposes and in the total amounts set forth in the Budget (the "Budget") attached hereto as Exhibit  
21 A and incorporated by this reference. Debtor and Wells Fargo may agree to any amendments or  
22 modifications to the Budget or Budget Period (defined below) subject to further order of the  
23 Bankruptcy Court. Debtor shall deposit all Cash Collateral, in kind, into a debtor in possession  
24 account which has been established for the Wells Fargo Property. The Debtor shall be permitted to  
25 exceed the disbursements forecasted in the Budget by up to 10% on a line-by-line basis and to  
26 exceed aggregate disbursements forecasted in the Budget by a total of 10% during the Budget  
27 Period. Wells Fargo acknowledges that the Budget items set forth as "Cost of Goods Sold" increase  
28 as Debtor's sales increase, and Debtor is authorized to increase its expenditures without prior

1 notification to Wells Fargo as long as the total expenditures do not exceed 50% of sales in a  
2 particular month.

3 c. Budgeted Use of Cash Collateral. Debtor may use the Cash Collateral up to the  
4 amount and for the specific purposes set forth in the Budgets for the Period commencing nunc pro  
5 tunc from the Petition Date through October 22, 2014, or such later date as may be agreed to in  
6 writing by Wells Fargo and Debtor and approved by the Court (the "Budget Period"). The Budget  
7 shall exclude any compensation to "insiders" as defined by the Bankruptcy Code without prior  
8 notice pursuant to the Local Bankruptcy Rules. The Budget shall exclude any compensation to  
9 Debtor's professionals, including without limitation counsel and advisors for the Debtor, without  
10 prior Court Order authorizing such compensation.

11 d. Reporting. The Debtor agrees to provide to Wells Fargo and Wells Fargo's counsel  
12 by the fifteenth day of the successive month the following:

13 i. A Cash Balance Report (showing deposits and disbursements) and a Variance  
14 Report (comparing Budget to actual figures) (collectively, the "Cash Collateral  
15 Reports"), covering the prior month period; and

16 ii. The Debtor's monthly operating reports, which the Debtor is required to file  
17 the U.S. Trustee, for the months in the Budget Period (each, a "Monthly Operation  
18 Report," and together with the Cash Collateral Reports, the "Reports").

19 The Reports shall be e-mailed to Wells Fargo's Counsel, as follows:

20 Raffi Khatchadourian, Esq.

21 Hemar, Rousso & Heald, LLP

22 15910 Ventura Boulevard, 12th Floor

23 Encino, CA. 91436

24 E-mail: raffi@hemar-rousso.com

25 5. Adequate Protection Payments to Wells Fargo. As and for adequate protection of  
26 Wells Fargo's interest in and consent to use of the Cash Collateral and as security for the Debtor's  
27 performance under this Stipulation, the Debtor shall make aggregate monthly payments for the  
28 Wells Fargo Property in an amount equal to the contractual scheduled monthly payment required

1 under the Wells Fargo Loan Documents on Prepetition Wells Fargo Indebtedness (each, an  
2 “Adequate Protection Payment” and collectively, the “Adequate Protection Payments”), payable on  
3 the 15<sup>th</sup> day of the month pursuant to the Loan, and the 22<sup>nd</sup> day of the month pursuant to the Line of  
4 Credit, each month during the Budget Period (the “Payment Day”). The aggregate payment amount  
5 for both Wells Fargo Loans is currently \$8,039.77, subject to adjustment pursuant to the Wells  
6 Fargo Loan Documents, and Debtor shall make all Adequate Protection Payments coming due since  
7 the Petition Date no later than August 22, 2014.

8 6. Further Adequate Protection of Wells Fargo’s Interests. As protection for any  
9 diminution in value of the interests of Wells Fargo, in compliance with section 506(b) of the  
10 Bankruptcy Code, and in consideration of consent to the Debtor’s use of the Cash Collateral as set  
11 forth in this Stipulation:

12 a. Wells Fargo is hereby granted a replacement lien (the “Replacement Lien”) on the  
13 Wells Fargo Property, including the rents, proceeds and profits thereof (collectively, the  
14 “Post-Petition Collateral”), with such Replacement Lien being a perfected security interest in and to  
15 the Postpetition Collateral having the same extent, validity and priority Wells Fargo had in the  
16 Prepetition Wells Fargo Collateral on the Petition Date. The Replacement Lien shall be valid,  
17 perfected, and enforceable as of the Petition Date without any further action by Debtor and Wells  
18 Fargo and without the execution, filing, or recording of any financing statements, security  
19 agreements, deeds of trust or other documents.

20 b. Under Section 507(b) of the Bankruptcy Code, if the protection granted above is  
21 insufficient to satisfy in full the claims of Wells Fargo, Wells Fargo will be granted an allowed  
22 claim under Section 503(b) of the Bankruptcy Code in the amount of any such insufficiency. Such  
23 claim shall have the super-priority provided by Section 507(b) of the Bankruptcy Code, and no  
24 claim for costs or expenses of administration that have been or may be incurred in this case, any  
25 conversion of this case to a case under chapter 7 of the Bankruptcy Code, or otherwise, and no  
26 priority claims, are or will be senior to or on a parity with any such claim of Wells Fargo, subject  
27 only to fees payable to the U.S. Trustee under 28 U.S.C. § 1930 and fees or costs owing to the Clerk  
28 of the Court.

1           7.     Access to Collateral. In order to provide further adequate protection to Wells Fargo  
2 for Debtor's use of Cash Collateral, Debtor:

3           a.     Shall permit Wells Fargo and its agents access to inspect the Collateral, as that term  
4 is defined in the Wells Fargo Loan Documents, on 48 hours' notice to the Debtor; and

5           b.     Shall keep the Collateral insured as required by the Wells Fargo Loan Documents.

6           8.     No Post-Petition Debt; No Other Liens. The Debtor represents that it will not incur  
7 any post-petition indebtedness (except in the ordinary course of the Debtor's business as heretofore  
8 conducted), whether pursuant to section 364 of the Bankruptcy Code or otherwise, other than  
9 post-petition professional fees and costs, and fees to the U.S. Trustee, and agrees not to seek court  
10 approval of any such post-petition indebtedness on an ex parte or shortened notice basis except with  
11 prior notice to Wells Fargo.

12          9.     No Implied Authorization. Except for transactions in the ordinary course of business  
13 or as authorized by the Court, the Debtor shall not sell, transfer, lease, encumber, or otherwise  
14 dispose of any of the property of its estate without the prior written consent of Wells Fargo, and no  
15 such consent shall ever be implied from any other action, inaction, or acquiescence by Wells Fargo.

16          10.    Events of Default. The occurrence of anyone or more of the following events shall  
17 constitute an "Event of Default" under this Stipulation: (i) Debtor fails to perform any of his  
18 obligations in accordance with the terms hereof or otherwise defaults hereunder or breaches any  
19 provision hereof, including (A) the use and disbursement of Cash Collateral except as expressly  
20 permitted hereunder; (B) the actual expenditure of Cash Collateral by the Debtor in excess of the  
21 budgeted expenditure in the Budget, without the written consent of Wells Fargo or order of the  
22 Court; (C) the failure to provide any report, document, or information to Wells Fargo as required  
23 hereby; and (D) the failure to make any payment to Wells Fargo as required hereby; (ii) either of  
24 Debtor's exclusive periods to file and solicit acceptances of a plan is terminated or lifted under  
25 Bankruptcy Code Section 1121; (iii) a trustee is appointed or elected, or an examiner with the power  
26 to operate Debtor's business is appointed, in the Bankruptcy Case; (iv) the Bankruptcy Case is  
27 converted to a case under Chapter 7 or is dismissed; (v) the Approval Order or this Stipulation is  
28 reversed, vacated, stayed, amended, or supplemented without the consent of Wells Fargo; (vi) relief

1 from the automatic stay is granted to any party to permit the exercise of remedies with respect to any  
2 property of Debtor's estate; (vii) any material representation or warranty, express or implied, made  
3 by Debtor in any certificate, report, expense statement, other financial statement, or other document  
4 delivered to Wells Fargo after the Petition Date proves to have been false or misleading in any  
5 material respect as of the time when made or given (including by omission of material information  
6 necessary to make such representation, warranty, or statement not misleading).

7 11. Remedies Upon Default. If an Event of Default occurs under this Stipulation, Wells  
8 Fargo shall give written notice via facsimile or overnight express of any such default to Debtor's  
9 counsel of record in the Bankruptcy Case by electronic mail or facsimile (the "Default Notice").  
10 Upon receipt of such notice, Debtor shall have three (3) business days to cure the Event of Default.

11 12. Effect of Default. Upon the expiration of the third business day after delivery of the  
12 Default Notice, if Debtor has not (i) cured the Event of Default that is the subject of the Default  
13 Notice, or (ii) noticed an expedited hearing before the Court with respect to the Event of Default  
14 that is the subject of the Default Notice, Debtor's rights to use Cash Collateral shall immediately  
15 cease without further notice. Furthermore, the Debtor shall hold and segregate all Cash Collateral in  
16 trust for Wells Fargo.

17 13. Right to Terminate Use of Cash Collateral. Regardless of the occurrence of any  
18 Event of Default, Wells Fargo may move the Court on five (5) days' notice for an order terminating  
19 the Debtor's right to use Cash Collateral for any appropriate reason, including, but not limited to,  
20 lack of adequate protection, relief from the automatic stay being granted to any party to permit the  
21 exercise of remedies with respect to any property of Debtor's estate, failure to obtain Court approval  
22 of the terms of this Stipulation, and/or the occurrence of one of the events set forth in paragraph 10  
23 hereof.

24 14. Non-Budgeted Expenditures. In the event Debtor wishes to make an expenditure of  
25 Cash Collateral not expressly provided for in the Budget, Debtor shall notify Wells Fargo five (5)  
26 calendar days before payment or use of Cash Collateral in writing of the amount and nature of the  
27 proposed expenditure and provide to Wells Fargo such supporting documentation as may be  
28 necessary for Wells Fargo to evaluate the necessity and propriety of the proposed expense. In the



1 event that the Debtor does not receive written approval from Wells Fargo for the proposed use  
2 within five (5) business days of the request, the request shall be deemed denied by Wells Fargo. In  
3 the event that Wells Fargo consents in writing to Debtor's expenditure of Cash Collateral, which  
4 consent shall be in the sole and absolute discretion, opinion and judgment of Wells Fargo, then  
5 Debtor shall be entitled to expend Cash Collateral subject to the terms of this Agreement as  
6 authorized by Wells Fargo in writing. In the event that the Debtor's request is denied by Wells  
7 Fargo in writing, the Debtor shall not use Cash Collateral to pay that expense absent an order of the  
8 Court, and Wells Fargo agrees that the Debtor may present its request to the Court on an emergency  
9 or ex parte basis.

10 15. Section 364(e) of the Bankruptcy Code. Having been found to have acted in good  
11 faith in agreeing to the terms of this Stipulation, Wells Fargo shall be entitled to the full protection  
12 of Section 364(e) of the Bankruptcy Code with respect to the Debtor's grant of the Replacement  
13 Lien created and authorized by this Stipulation in the event that this Stipulation or any authorization  
14 contained in this Stipulation is stayed, vacated, reversed, or modified on appeal. Any stay,  
15 modification, reversal, or vacating of this Stipulation will not affect the validity of any obligation of  
16 the Debtor incurred under this Stipulation.

17 16. 506(c) Waiver. The Debtor, on behalf of itself and its estate, shall not seek any right  
18 to surcharge Wells Fargo under Section 506(c) of the Bankruptcy Code or other applicable law for  
19 any fees or compensation to attorneys or other professionals employed by the Debtor.

20 17. No Deemed Lender Control. Wells Fargo shall not be deemed to be in "control" of  
21 the operations of the Debtor, or to be acting as a "responsible person" or "owner" or "operator" with  
22 respect to the operation or management of the Debtor solely by reason of any credit extended to  
23 Debtor under the Wells Fargo Loan Documents, or the grant to and/or exercise by any  
24 successor-in-interest of any rights or remedies hereunder or thereunder.

25 18. Authorization to Sign Documents. The Debtor is authorized to sign such documents  
26 and to take all actions necessary to effectuate the relief granted pursuant to this Stipulation. To the  
27 extent this Stipulation is inconsistent with any prior order or pleading with respect to the use of  
28 Cash Collateral or grant of adequate protection in this case, the terms of this Stipulation shall

1 govern.

2       19.     Reservation of Rights. This Stipulation and the Approval Order do not prejudice the  
3 right of Wells Fargo to seek relief from the automatic stay of Section 362 of the Bankruptcy Code,  
4 or any other relief in this case, including demands for further adequate protection, objections and  
5 claims relating to applications or motions for adequate protection, or the use, sale, or other  
6 disposition of the Cash Collateral or the Post-Petition Collateral. This Stipulation is also without  
7 prejudice to the rights of any party to oppose any such relief requested. Except as otherwise  
8 expressly set forth in this Stipulation, this Stipulation is not a waiver or modification of any of the  
9 rights of Wells Fargo, including by way of example and without limitation all rights set forth in the  
10 Wells Fargo Loan Documents, and Wells Fargo does not have any obligation or duty to any other  
11 entity to exercise any of its rights, remedies, claims, powers, benefits, and privileges. Delay in or  
12 failure to exercise any of its rights, remedies, claims, powers, benefits, or privileges does not  
13 constitute a waiver, nor subject Wells Fargo to any liability to any entity, and no other entity may  
14 rely upon any such delay or failure or in any way seek to assert a defense to any obligation owing  
15 based on any such delay or failure.

16       20.     Successors and Assigns; Survival. The provisions of this Stipulation shall be binding  
17 and inure to the benefit of Wells Fargo, the Debtor and its estate, and the respective successors and  
18 assigns of each of the foregoing (including, but not limited to, any trustee or trustees hereafter  
19 appointed or elected under any chapter or section of the Bankruptcy Code as a representative of  
20 Debtor's estate).

21       21.     Modification of Stipulation and Effect of Modification of Order. The terms and  
22 conditions set forth in this Stipulation may not be altered, modified, or affected without the prior  
23 written consent of the Debtor and Wells Fargo. If any or all of the provisions of the Approval Order  
24 are hereafter modified, vacated, terminated, amended or stayed, the consent to Debtor's use of Cash  
25 Collateral shall cease immediately thereupon; provided, however, that no such occurrence shall  
26 affect, limit or modify (a) the validity of any claim for any amounts of Cash Collateral used pursuant  
27 to this Stipulation and the Approval Order, or (b) the validity, enforceability, priority or perfection  
28 of any lien or security interest granted under this Stipulation and the Approval Order.

1           22.     Court Approval. This Stipulation is subject to approval of the Court pursuant to  
2 Federal Rule of Bankruptcy Procedure 4001(d).

3           23.     Unenforceability. If the Court does not approve this Stipulation for any reason, then  
4 this Stipulation has no effect, and neither the Stipulation nor any action or procedure taken, nor any  
5 statement made, in connection with the negotiation, preparation, formulation or seeking approval of  
6 this Stipulation may be referred to by any entity in connection with any proceeding or action,  
7 whether in this case or elsewhere.

8           24.     No Agreement to Provide Financial Accommodation. No provision of this  
9 Stipulation and the Approval Order shall in any way impose upon Wells Fargo any duty or  
10 obligation to provide any financing or financial accommodation to Debtor or any other party, to  
11 collect, sell, lease or otherwise dispose of any of Wells Fargo's collateral, to proceed against any  
12 party, person, individual or entity to proceed against or exhaust any security held by Wells Fargo, or  
13 any other party, person, individual or entity, or to otherwise pursue any action, right or remedy in  
14 Wells Fargo's power whatsoever.

15           25.     Consent and Mutual Agreement. Whenever any action may be taken under this  
16 Stipulation upon the prior written consent of Wells Fargo or the prior mutual written agreement of  
17 the parties, the action may be taken without any further notice or action or order of the Court.

18           26.     Neutral Construction. Each of the parties hereto has been involved in the  
19 negotiation, review, and execution of this Stipulation, and each has had the opportunity to receive  
20 independent legal advice from attorneys of its choice with respect to the advisability of making and  
21 executing this Stipulation. In the event of any dispute or controversy regarding this Stipulation, the  
22 parties hereto shall be considered to be the joint authors of this Stipulation, and no provision of this  
23 Stipulation and the Approval Order shall be interpreted against a party hereto because of authorship.

24           27.     Headings. The parties acknowledge that the headings set forth herein are for  
25 convenience only and shall not be used to limit, define, or interpret the rights and responsibilities of  
26 the parties hereunder.

27           28.     Power of Representatives. Any party executing this Stipulation and Approval Order  
28 in a representative capacity warrants that he or she is duly authorized and empowered to do so.


1 29. Survival of Obligations. The provisions of this Stipulation and any actions taken in  
2 accordance with this Stipulation shall survive entry of any order that may be entered: (a) confirming  
3 any plan in any case of any Debtor; (b) converting this Chapter 11 case to a case under Chapter 7 of  
4 the Bankruptcy Code; or (c) dismissing this case. Unless otherwise ordered by the Court, the claims  
5 and liens on the Cash Collateral and the Post-Petition Collateral continue in full force and effect and  
6 maintain their priority until all the obligations owed under the terms of the Wells Fargo Loan  
7 Documents and this Stipulation are paid in full.

8 30. Counterpart. This Stipulation may be executed in counterparts, each of which, when  
9 executed and delivered, shall be deemed an original, but all such counterparts together shall  
10 constitute but one and the same instrument.

11 31. Notice. Debtor shall, within one (1) business day following entry by this Court of  
12 this Stipulation and Approval Order, mail copies hereof, to the U.S. Trustee, counsel to Wells Fargo  
13 and to the entities listed on the Debtor's list of its twenty (20) largest non-insider unsecured  
14 creditors, all parties who appear or otherwise responded to the relief requested herein, and any other  
15 party that has filed a special request for notice with this Court and served such request upon  
16 Debtor's counsel.


17 DATED: August 26, 2014

HEMAR, ROUSSO & HEALD, LLP

18 By:   
19 RAFFI KHATCHADOURIAN  
20 Attorneys for Secured Creditor,  
WELLS FARGO BANK, NATIONAL ASSOCIATION

21 DATED: August 26, 2014

SIMON RESNICK HAYES LLP

22 BY:   
23 M. JONATHAN HAYES  
24 Attorneys for BRAUN DEVELOPMENT GROUP, INC.  
25 Debtor and Debtor-in-Possession  
26  
27  
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Braun Development Group Inc. dba Artwear

Artwear

2014-2 month budget

	August	September	
Total Income (collections)	<u>200,000</u>	<u>260,000</u>	460000
Cost of Goods Sold			
Materials			
Fabric	34,347	20,000	
Treatment Materials-Sublimation	3,000	3,000	
lace-Klauber	1,761	500	
Freight In			
Labor			
Salary-Production	3,300	3,300	
Hourly-Production	44,679	44,679	
Piecework-Production	21,916	21,916	
Outside Services			
Prod Expenses			
Sewing Supplies	1,106	1,106	
Design Supplies	330	330	
Labels & hangtags	0	0	
Other Factory Supplies	1,789	1,788	
Line Samples	584	584	
Contract Labor	0	0	
Power & Electricity	2,600	2,600	
Natural Gas	1,895	1,895	
Water	1,561	1,561	
Sewerage	360	360	
Printing Supplies	703	703	
Shipping Supplies	380	380	
R & M - Fac. Mach. & Equip.	832	832	
Other Factory Supplies	<u>750</u>	<u>750</u>	
Total Cost of Goods Sold	<u>121,892</u>	<u>106,284</u>	228176 50%
Gross Profit			
Expenses			
General & Administrative			
Rent-Factory Building	paid	20,000	
General Liability Insurance	188	188	
Depreciation-Fac.Mach.&Equip.			
Payroll Tax Expenses	7,785	7,785	
Worker's Compensation Ins.	5,117	5,117	
Property Insurance	617	617	
Auto Insurance	88	88	
Life Insurance	31	31	
Medical Insurance	0	3,048	
Medical Services	225	225	

Salaries-Administration	1,726	1,726
Legal and Professional Fees	1,800	10,000
Trash&Landscaping Maintenance	370	370
R & M - Company Vehicles	82	82
Gas & Oil	278	278
R & M - Office Mach.&Equip.	250	250
Telephone, Fax, and Internet	925	925
Lease Expense		
Office Supplies	500	500
Kitchen,Bath&Other Fctry.Supp.	533	533
Reg.,License,Permits & Dues		
Property Tax	358	358
Business Tax	250	250
Franchise Tax	139	139
Alarm & Security Devices	385	385
Interest on Loan - BDG (WF)	on hold	on hold
photo shoot expenses	3,220	
Selling, Shipping and Warehouse		
Advertising&Publications	300	300
Travelling Expenses	650	650
Showroom Expenses	0	
Freight Out	725	725
EDI Fees	29	29
Sales Commisssions	3,958	3,958
total	30,528	55,508
Other Charges		
Deposit on new building	20,000	
Moving expenses *est.		30,000
total	20,000	30,000
Other Income / Expense		
Other Expense		
Salaries-Officers	12,000	12,000
Franchise Tax	139	139
Total Other Expense	12,139	12,139
total Expenses	188,569	207,931
Adequate Protection Payments		
WFB - First loan	6,100.77	6,100.77
WFB - second loan	1,939.00	1,939.00
	8,039.77	8,039.77